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LEGISLATIVE AUDIT DIVISION

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John W. Northey, Legal Counsel

Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
Tori Hunthausen, IS Audit & Operations
James Gillett, Financial-Compliance Audit

MEMORANDUM

TO: Legislative Audit Committee Members

FROM: Jim Pellegrini, Deputy Legislative Auditor, Performance Audits

DATE: August 2003

RE: Follow-up Performance Audit:
Montana Board of Veterans' Affairs
Montana Veterans' Affairs Division (Audit # 02P-07)

INTRODUCTION

We presented our performance audit of the Montana Board of Veterans' Affairs (Board) and Montana Veterans' Affairs Division (MVAD) to the Legislative Audit Committee in June 2002. The report contains eight recommendations to the Board and MVAD.

We requested and received information from MVAD regarding progress toward implementation of our report recommendations. To verify implementation status of the eight recommendations, we requested information from MVAD, interviewed division staff, visited a field office, and reviewed related documentation. Based on our follow-up audit review, we determined the following status of the eight recommendations:

Implemented	2
Partially Implemented	2
Being Implemented	2
Not Implemented	2
Total	8

January 2004 is the MVAD target for implementation of the remaining recommendations. The 2003 Legislature established additional funding and FTE, effective January 2004.

AUDIT SUMMARY

At the request of the Subcommittee on Military and Veterans' Affairs of the Interim Committee for State Administration and Veterans' Affairs, the Legislative Audit Committee recommended a performance audit of the Board and MVAD. We based audit work on three objectives:

- Do statutes provide the Board/ MVAD the authority and responsibility to accomplish its mission?

Room 160, State Capitol, PO Box 201705 Helena MT 59620-1705
Phone (406) 444-3122 FAX (406) 444-9784 E-Mail lad@state.mt.us

- Could reallocation of Board/MVAD resources improve mission support?
- Could MVAD veterans' claims processing be improved?

We concluded Montana law provides broad authority for the Board/MVAD mission and noted compliance with this law. In addition, we concluded reallocation of resources by MVAD could improve support to veterans. Finally, we found the claims process could be improved.

AUDIT FINDINGS

In the audit report, we presented eight findings and recommendations related to the use of Board/MVAD resources and veterans' services/claims processing. In the following sections, we list the eight audit recommendations and provide an assessment of implementation status.

Prior Audit Recommendation #1

We recommend the Board/MVAD and the Department of Military Affairs seek legislation to revise statute to reflect cemetery oversight by the Board/MVAD.

Follow-up review: The 2003 Legislature revised statute, assigning responsibility for cemetery oversight to the Board, effective January 2004.

Status: **Implemented.**

Prior Audit Recommendation #2

We recommend MVAD improve veterans' services by upgrading management information systems and communications equipment.

Follow-up review: The division administrator developed a proposed budget of $63,680 (approximately $7,500 for each field office) for fiscal year 2005 management information systems upgrade. The federal Department of Veterans' Affairs is currently in the process of upgrading their management system (used for veterans' claims management) and MVAD has determined it is appropriate to wait until the federal system is installed and operating. Funding for the system upgrade is based on projections stemming from the $.50 veterans' automobile license fee approved by the 2003 Legislature. We noted service officers continue to use personal cell phones.

Status: **Being Implemented.**

Prior Audit Recommendation #3

We recommend MVAD evaluate staff travel efficiency and develop alternatives for providing rural outreach services.

Follow-up review: MVAD reassigned staff to improve travel coverage and provide outreach to more veterans. While the intent of our recommendation was to identify and assess alternative travel and outreach locations, the administrator made initial decisions based on staff turnover and a reduction in force occurring as a result of the 2002 Special Legislative Session. The additional funding

provided by the 2003 Legislature provides for three additional FTE, effective January 2004. With these new positions, the administrator plans to replace the officer lost due to the reduction in force and establish an office responsible for the Hi-line area and the four Indian reservations in northern Montana. In addition, current plans reflect the establishment of a mobile service office. Based on the mobile service office concept used by other states, the administrator expects to provide outreach to more rural Montana areas.

Status: **Being Implemented.**

Prior Audit Recommendation #4

We recommend MVAD establish a comprehensive quality control process, including on-site review.

Follow-up review: Our recommendation focused on using the senior service officer for on-site quality control reviews of veterans' claims. The senior service office will be providing outreach coverage until January 2004. As a result, while the administrator supports and intends to implement an on-site quality control process, this recommendation will not be implemented until January 2004 when the additional service officers are in place.

Status: **Not Implemented.**

Prior Audit Recommendation #5

We recommend the Board/MVAD establish policy for key activities including: records management, claims evidence standards, outreach materials, home visits, overtime, and outreach facilities.

Follow-up review: We found the administrator had provided a memorandum to service officers addressing each of the activities identified in our audit report. However, our field observations indicated reluctance by staff to comply with all aspects of the memorandum. The result is the level and types of services provided to veterans across the state continue to be inconsistent. The administrator indicated the intent to develop a standard operating procedures manual to address these types of activities and incorporate them into their training program. The administrator is evaluating examples of procedures manuals obtained from other states.

Status: **Partially Implemented.**

Prior Audit Recommendation #6

We recommend MVAD review and revise technician and officer classifications to reflect current duties and responsibilities.

Follow-up review: During August 2003, job profiles for veterans' service technicians and officers are being updated to reflect common duties and responsibilities. Re-classification is scheduled following the profile update. For those field offices with two staff, one will be designated the lead. However, both

will be responsible for the full range of service provided to veterans. Re-classification should improve office flexibility and veterans' support.

Status: **Implemented.**

Prior Audit Recommendation #7

We recommend MVAD strengthen staff training by providing additional training and formalizing a mentoring methodology.

Follow-up review: The administrator initiated an approach to training that relies on utilization of veterans' service professionals rather than available in-house expertise. To support this training approach, the administrator budgeted $35,000 annually. Our recommendation to implement a mentoring approach has not been formalized because of staff turnover and the reduction in force. The administrator continues to support this concept and expects to implement it when the additional service officers are in place in January 2004.

Status: **Partially Implemented.**

Prior Audit Recommendation #8

We recommend MVAD establish a workload evaluation methodology to assess staff activities and work priorities.

Follow-up review: The administrator indicated workload prioritization focused on maintaining veterans outreach. The need to hire and train new staff by January 2004 is the next priority. Discussions with field staff indicate they continue to submit the types of field statistics identified during the original audit. Staff do not believe this data provides a basis for management or workload decision-making.

Status: **Not Implemented.**

OVERALL FOLLOW-UP CONCLUSION

Based on information provided by MVAD and our observations, it appears audit recommendations are either implemented or MVAD has adequately demonstrated their intent to complete implementation. As a result, we conclude no further audit work is necessary. Since significant implementation effort is planned for the period after January 2004, does the Committee want additional implementation status reported by MVAD?